MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2015 / 2016

BSM 3104 STRATEGIC MANAGEMENT

(All Sections / Groups)

17 OCTOBER 2015
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

This examination paper consists of **FIVE (5)** pages in **TWO (2)** Sections:

1. **Section A** – 20 Multiple choice questions (40 marks)
   Instruction: Answer **ALL** questions. Shade your answers in the OMR answer sheet provided using a '**2B**' or '**BB**' pencil.

2. **Section B** – 5 Essay questions (60 marks) – All questions carry equal marks.
   Instruction: Answer **ANY THREE (3)** questions. Write your answers in the answer booklet provided.

SECTION A (40 Marks)
Answer ALL questions
Identify the letter of the choice that best completes the statement or answers the question.
All questions carry two (2) marks each.
Shade your choice of answers in the OMR answer sheet provided.

1. Sometimes _____ is used to refer to strategic formulation, implementation and evaluation, with _____ referring only to strategic formulation.
   A. strategic planning; strategic processing
   B. strategic planning; strategic management
   C. strategic management; strategic planning
   D. strategic implementation; strategic focus
   E. strategic management; strategic processing

2. In recent years, the speedy flow of information through technology has
   A. made it harder for people worldwide to see how others work and live.
   B. ensured that the U.S. is unrivaled by other companies in all industries.
   C. strengthened national boundaries and made countries more self-contained.
   D. created a borderless world with global competitors, customers, and citizens.
   E. made the real flow of financial activity align with political boundaries between countries.

3. The fact that Apple has no manufacturing facilities of its own
   A. means that it is in the same position as Sony.
   B. has been problematic for Apple in terms of debt.
   C. has caused it to build up massive debt on its balance sheet.
   D. has enabled it to remain financially lean with virtually no long-term debt.
   E. illustrates that having more fixed assets than rival firms can provide major competitive advantages in a global recession.

4. All of these are pitfalls an organization should avoid in strategic planning EXCEPT
   A. using plans as a standard for measuring performance.
   B. failing to involve key employees in all phases of planning.
   C. being so formal in planning that flexibility and creativity are stifled.
   D. using strategic planning to gain control over decisions and resources.
   E. too hastily moving from mission development to strategy formulation.

5. The process of performing an external audit needs to include
   A. primarily front-line supervisors.
   B. between 15 to 20 managers for it to be valid.
   C. as many managers and employees as possible.
   D. stockholders and external government agencies.
   E. only top level managers, as it is a planning function.

Continued.....

6. According to I/O theorists, which of the following contributes LEAST to firm's performance?
   A. Internal resources
   B. Economies of scale
   C. Product differentiation
   D. Barriers to market entry
   E. Level of competitiveness

7. Which of the following sectors of the economy would be most impacted by technological developments?
   A. Cloth
   B. Metals
   C. Textiles
   D. Forestry
   E. Aeronautics

8. If suppliers are unreliable or too costly, which of these strategies may be appropriate?
   A. Market penetration
   B. Forward integration
   C. Backward integration
   D. Horizontal integration
   E. Concentric diversification

9. IKEA Group investing $1.9 billion in India to open 25 new stores between 2013 and 2018 is an example of which type of strategy?
   A. Forward integration
   B. Market development
   C. Product development
   D. Backward integration
   E. Horizontal integration

10. Which strategy generally entails large research and development expenditures?
    A. Divestiture
    B. Retrenchment
    C. Market penetration
    D. Forward integration
    E. Product development

Continued.....

11. What kind of strategy is retrenchment?
    A. A diagonal strategy
    B. An intensive strategy
    C. An offensive strategy
    D. A turnaround strategy
    E. An expansion strategy

12. Which of the following is NOT a reason joint ventures fail?
    A. Stakeholders from both partners are equally satisfied.
    B. The venture may not be supported equally by both partners.
    C. The venture may begin to compete more with one of the partners than the other.
    D. Managers who must collaborate daily in operating the venture are not involved in forming or shaping the venture.
    E. The venture may benefit the partnering companies but may not benefit the customers who then complain about poorer service or criticize the companies in other ways.

13. What term is used to describe specific guidelines, methods, procedures, rules, forms and administrative practices established to support and encourage work toward stated goals?
    A. Values
    B. Policies
    C. Strategies
    D. Annual objectives
    E. Long-term objectives

14. What are the three categories of approaches for managing and resolving conflict?
    A. Defusion, apathy and avoidance
    B. Avoidance, apathy and defusion
    C. Ignorance, indifference and apathy
    D. Avoidance, defusion and confrontation
    E. Indifference, avoidance and role-playing

15. What pay strategy requires employees or departments to establish performance targets, which, if exceeded, result in bonuses for all members?
    A. Salary
    B. Gain sharing
    C. Profit sharing
    D. Bonus system
    E. Hourly wage system

Continued.....

16. A concern in matching managers with strategy is that jobs have relatively _____ responsibilities, while people are _____ in their personal development.
A. quick; slow
B. exciting; dull
C. dull; exciting
D. static; dynamic
E. dynamic; static

17. Too much emphasis on evaluating strategies
A. is worse than too little or no evaluation.
B. is always advised if the firm can afford it.
C. may be expensive and counterproductive.
D. is not possible - the more emphasis the better.
E. is good for morale, as employees like being closely evaluated.

18. Rumelt's criteria of consonance refers to the need for strategists to examine
A. sets of trends.
B. inconsistent goals.
C. impractical objectives.
D. competitive advantages.
E. the costs associated with particular strategies.

19. Which of these is a potential problem associated with using only quantitative criteria for selecting strategies?
A. Intuitive judgments are never used in deriving quantitative criteria.
B. Different accounting methods can provide different results on many quantitative criteria.
C. Most quantitative criteria are geared to long-term objectives rather than annual objectives.
D. Quantitative criteria are not able to compare the firm's performance over different period of time.
E. Quantitative criteria include human factors that may be underlying causes of declining performance.

20. _____ organizations require more elaborate and detailed strategy-evaluation systems than _____ ones because it is more difficult to coordinate efforts among different divisions and functional areas.
A. Small; large
B. Large; small
C. Foreign; domestic
D. Non-profit; for-profit
E. For-profit; non-profit

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SECTION B (60 Marks)
Answer any THREE (3) questions.
Write your answers in the answer booklet provided. All questions carry equal marks.

1. a. Define and discuss the differences between vision and mission statements.

   b. Why is it so important to integrate intuition and analysis in strategic management?

(10 marks)
(10 marks)
[20 marks]

2. a. Describe the "process of performing an external audit" in an organization doing strategic planning for the first time.

   b. List the FIVE (5) steps that comprise an effective framework for conducting an EFE Matrix. Explain the details involved in performing each of the steps.

(10 marks)
(10 marks)
[20 marks]

3. a. Briefly discuss Michael Porter's FIVE (5) generic strategies.

   b. If a company has decided to implement a new strategy and is considering market development versus product development, what determining factors would be most important to consider?

(10 marks)
(10 marks)
[20 marks]

4. a. What are the FIVE (5) key differences between strategy formulation and strategy implementation?

   b. What are the THREE (3) commonly used strategies or approaches for implementing changes in an organization? Give an advantage and/or disadvantage for each type of approach.

(10 marks)
(10 marks)
[20 marks]

5. a. Discuss some of the reasons why strategy evaluation is becoming increasingly difficult with the passage of time.

   b. Describe each of the activities that comprise strategy evaluation.

(10 marks)
(10 marks)
[20 marks]

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